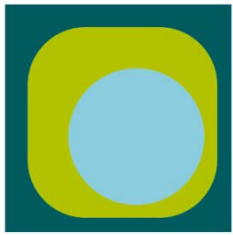


Primary Consumer Research Loyalty Surveys

How consumer insight can provide the basis for strategic intent

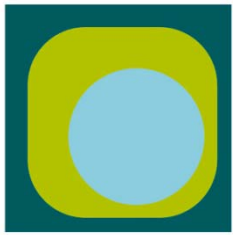
Knowledge is power
Francis Bacon (1561-1626)



Email Surveys

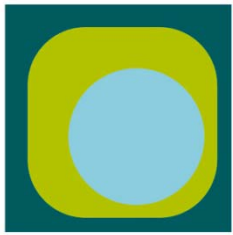
- The quantitative methodology of online surveys enables us to obtain statistically reliable data on which to base business decisions.
- Online surveys are an excellent means of obtaining immediate data from customers & prospects who have e-mail addresses. These customers/prospects shop in all channels
- Windward Group designs the surveys from a strategic framework and their results provide strategic direction made more powerful because it is the *customer* or the *target customer* who gives direction to the company
- An e-mail message regarding the survey is sent directly to your customers & prospects inviting them to visit a specific URL where the survey is hosted.
- At the conclusion of the survey, participants are directed to your Web site.

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Survey Objectives

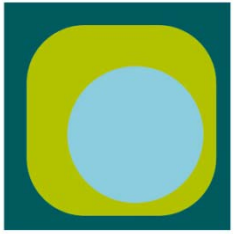
- Defining the survey objective is most critical step in the project
- Strategic objectives lead to strategic results; tactical objectives lead to tactical results
- Some examples of objectives from actual research:
 - To determine what drives loyalty amongst buyers, and what Company needs to do in order to increase loyalty.
 - To determine the decision making process when purchasing via direct channel (mail, advertising, web). To understand the purchase cycle and to identify the trigger points for making decisions to purchase
 - To determine the decision makers and decision influencers; identify the decision making process and timing of purchase; determine the needs and wants for category products; determine role of grant monies, state and national standards



Survey Process

Step	Responsibilities		
	WG	SC	Timing
Develop Objective	Draft	Approve	2 days
Write Survey	Draft	Approve	2 weeks
Upload to Internet	X	Test	3 days*
Determine segments to be surveyed	X	X	1 day*
Draft email invitation	Draft	Approve	1 day*
Blast survey		X	1 day
Collect responses	x		2 weeks
Analyze results & write report	X		1 month
Final meeting - discuss findings, implications & actions	X	X	1 day

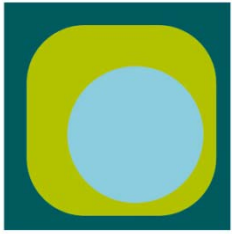
* concurrent



Typical Response

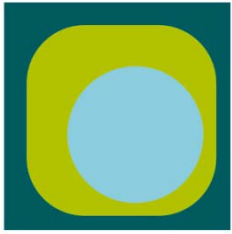
- Quantitative survey was emailed to buyers, segmented by RF, both mail and print, on X date. Below are results:

	Total	% to total delivered
Emails Delivered to customers	59280	100.0%
Opened	7268	12.3%
Unique Clickthroughs	1927	3.3%
Surveys Started	1812	3.1%
Surveys Completed	1455	2.5%



Why Cross Tabbing is important

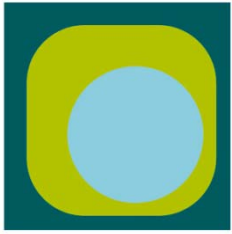
- Averages don't really tell us much of anything
- Cross tabbing allows us to look at small groups of customers and understand the similarities and differences of the groups.
- In one recent survey, we asked customers, "what is the primary reason you made your last purchase." Reason A was the overwhelming reason. However, when we cross tabbed responses, we found that one major group purchased because of Reason B and the other major group purchased because of Reason C. Reason A, as it turned out, was the #2 answer. Had we not cross tabbed, the company would have put a major effort into merchandising and marketing to address Reason A and would have missed the richness of the real reasons customers were buying from the company.



Cross Tabbing

Customers speak

- Cross tabbing provides rich insights into similarities and differences between different groups of customers
- Cross tabbing can identify both behavioral and psychographic segments and provides the basis for customer driven merchandising, marketing and creative strategies and tactics
- Cross tabbing provides insights into competitive set - understanding how customers perceive the strengths & weaknesses of competitors and how to compete against them
- Cross tabbing identifies differences in decision making process of segments and how to influence it



Examples of cross tabbing from recent projects

Behavioral

- Recency/frequency
- Gift v. non gift
- Most loyal v. lapsed
- Shopped most from competitor v. shopped most from company
- Heavy users v. lapsed users

Attitudinal

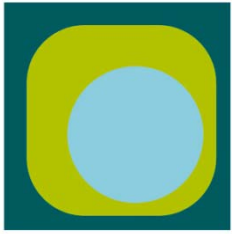
- Price sensitive v. not price sensitive
- Most likely to purchase again v. not likely to purchase again

Channel

- Purchase most from Direct brands v. purchase most from retail brands
- Acquired from Mail v. Print

Demographic

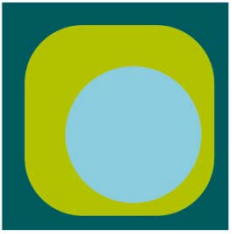
- Length of employment (experienced v. new professional)
- Position (CEO v. administrative assistant)
- Male v. female
- Income (high v. low)



Insights from strategic research inform strategic intent

Insights fall into following categories:

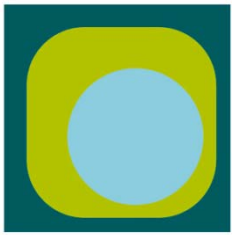
- Size of market
- Competitive landscape - who is primary competitor and why (one client found a retail brand was primary competitor); how customers rate CO against competitors; identify gaps against competitors & how to compete better.
- Decision making process - influencers, deciders, length of cycle, response trigger points; how to shorten cycle & increase response
- Customer segments - identify customer segments (built from how they categorize themselves), identify needs & wants of segments & how they are similar & different. This influences product and communication strategies
- Channels - how channels influence the decision making process; how customers use channels & why; benefits derived from channels. How channels support the purchase decision.



Examples of insights

The following slides are some examples of how insights are derived from our research

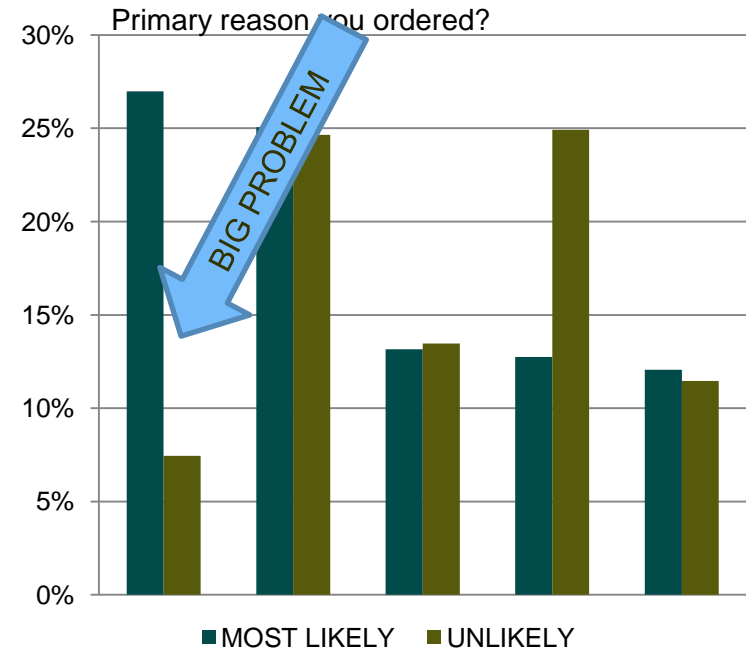
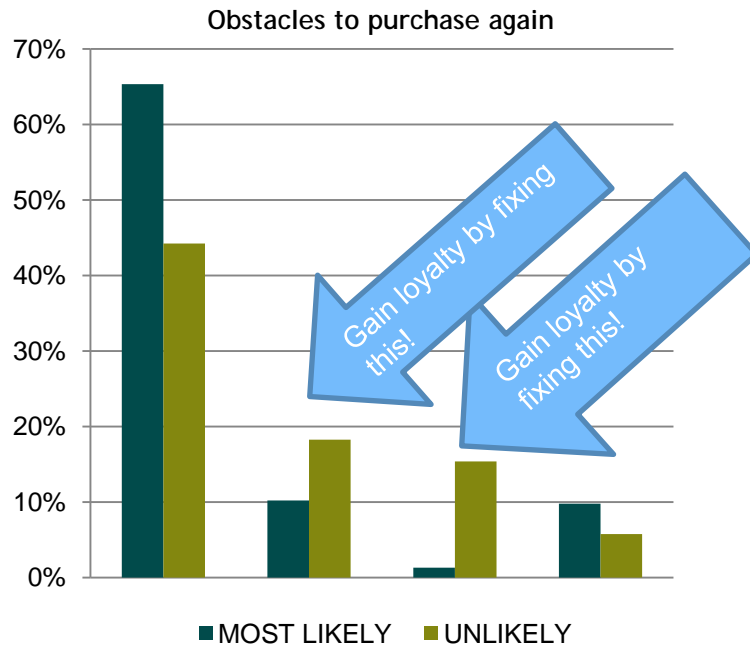
1. Analysis
2. Identifying & prioritizing key learnings and implications
3. Developing strategic intent

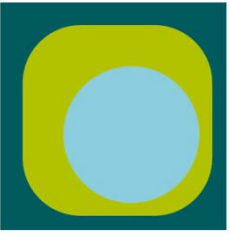


Analysis

Cross tab results for key learnings.

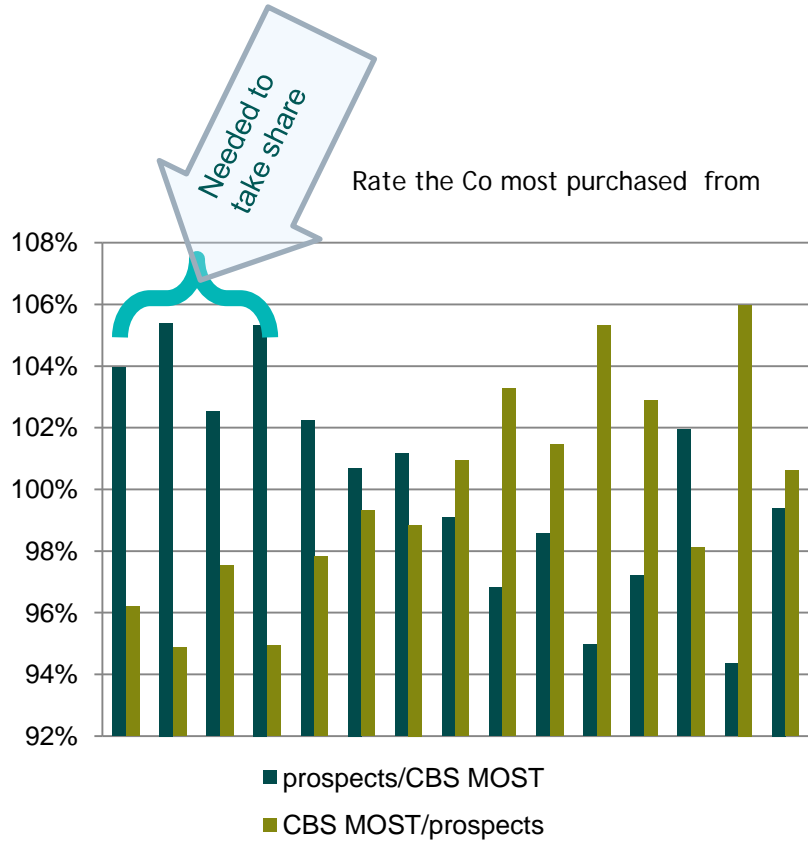
Looking at reasons for purchasing and obstacles to purchasing



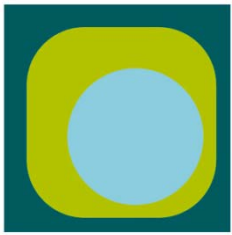


Analysis

Learning about the competition and how to compete



insight & impact



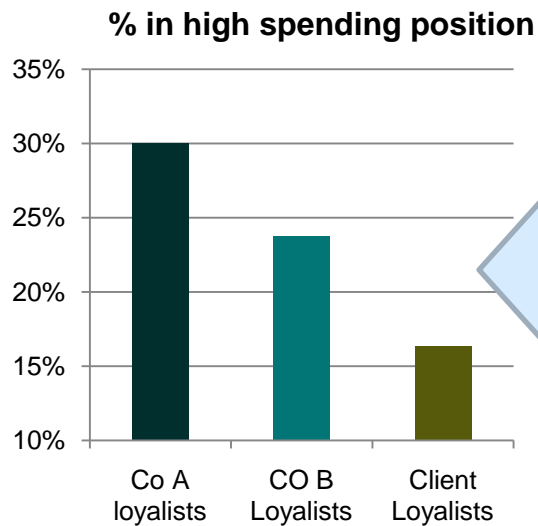
Analysis

Customer segments

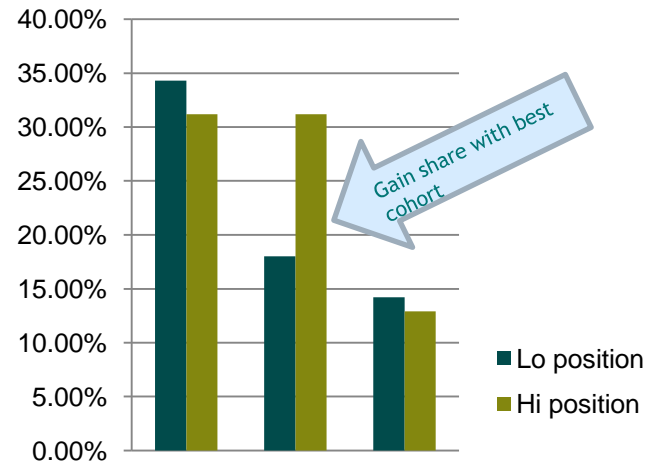
Learning about strengths & weaknesses of clients' file

	\$	Students	AVG \$/Student
low position	854	78	\$ 10.91
hi position	1255	99	\$ 12.68
hi/low lift	47%	26%	16%

Who spends the most



HOW TO COMPETE AND GAIN SHARE WITH BEST COHORT



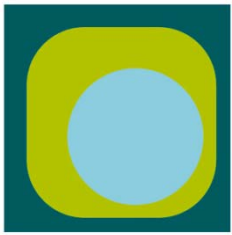
How clients file compares with competitors - the opportunity

insight & impact



Conclusion

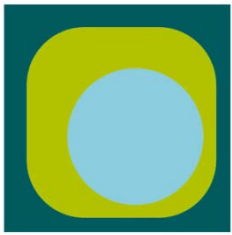
1. Identify & prioritize key learnings/implication/actions
2. Develop Strategic initiatives from key learnings



Executive Summary - Example of key learnings

Finding	Implication	Recommended Action
CO is mentioned 50% of the time when asked, "From which company have you purchased the most?" This is very low.	CO doesn't have loyalty. Trial isn't working. MUST improve the initial experience.	Develop a strategy to make the initial Moment of Truth truly wonderful. Survey first time customers and make it right by them if they are dissatisfied or non-plussed
Competitor X is the number 2 mention in "purchased from most."	A lower priced retail brand is chief competitor	Figure out a strategy to compete against them. Do a serious competitive analysis of CX.
Primary reason for ordering CO is "XX"	This is a X purchase	Strengthen the XX positioning in the fourth quarter (creative & merchandise assortment)
However, XX rates disappointingly low in "how does CO rate"	CO is not fulfilling brand promise	Find out why. Develop a strategy to make the XX experience fabulous.
When looking at cross tabs, "YY" is primary reason for non XX customers	Two different customers Different sets of needs & wants	Address both needs & wants LTV these segments

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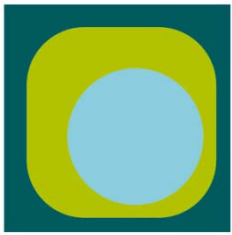


Bottom Line

- Company does not garner enough loyalty from its buyers because it does not meet its' customers expectations
- CO has three customer segments which can form the base for a vibrant business:

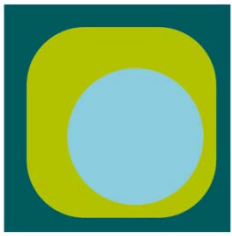
Segment Demographics	Need
Upscale, empty nesting 50-ish, married woman	Overly busy - needs <i>convenience</i> ; wants <i>high quality</i>
Upscale younger (late 40's, early 50's), divorcée with teenager at home	Alone & feeling deprived; want a <i>special treat</i>
Upscale younger (late 40's, early 50's) married woman with kids	An imaginative/practical source of gifts for elderly relatives, busy adult children and kids at college

- However, CO needs to make some changes in how it delivers on its brand promise.



Three customer profiles

	Personal Use <i>The chore of XXX</i>	Personal Use <i>Want a Special Treat!</i>	Gift Giving <i>Imaginative gift for my relatives and business clients</i>
Target Customer	Older, empty nester, 50-ish woman, married	Younger, late 40's, early 50's woman, ...alone tonight (less married, often with kids at home)	Younger, late 40's early 50's woman, more married, often children at home
What's important to them			
Barriers to loyalty			
Needs & Wants			



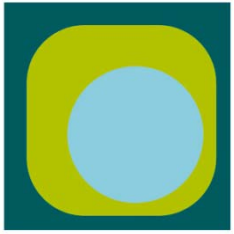
Example of high level strategic initiatives

Strengthen the Value Proposition

- Develop strategies to achieve *consistency in quality* ...
- Figure out what makes a *XX* and implement strategies to fulfill on the promise of CO as a source of *XX*. More research is needed.
- Determine what makes CO a "*YY*" and build on this, especially develop value over the retail Brands
- Determine what makes CO "*ZZ*" and build on this.
- *Lower prices* to be as competitive as possible to the retail Brands & to build the file during the near future

Develop marketing disciplines

- Determine LTV of various segments and communicate based on financially responsible parameters
- Stop advertising until other issues are resolved. Then test more appropriate offers in more appropriate publications.

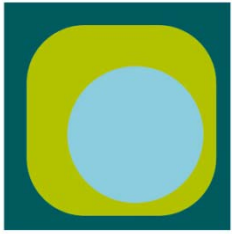


Thank You

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Managing Partner - Rebecca L. Jewett

Becky is a founding principal of Windward Group, a national consulting partnership specializing in strategic issues for multi-channel organizations. Clients include Crate&Barrel, Godiva Chocolatier, Nationwide Insurance Group, World Vision, Home Bistro, Monroe and Main, Carolina Biological Supply among others

She is a member of the Board of Directors of Vermont Country Store and the Direct Marketing Association. She was the 2004 Chairman of the Board of the DMA. As Chair, revitalized the Board by initiating the development of a strategic plan and organizing the review of the major revenue source (Annual Conference). She transitioned new leadership, and commissioned the Search Committee of which she was member and which hired the current CEO.

She was President of Norm Thompson Outfitters, Inc., a \$200 million company, comprised of three brands: Norm Thompson, Solutions and Sahalie (Early Winters).

She served as President of Chadwick's of Boston, the original off-price fashion catalog. She repositioned the company and grew its net sales from \$78 million to \$450 million in five years. She has also held positions of Senior Vice President-Marketing for The Talbots, Inc. and Vice President-Marketing for The Swiss Colony, Inc.

She is past Chairman of the Board of Directors of the United Way of Columbia Willamette and is former President of the Board of Trustees of Oregon Ballet Theatre.

She holds an MBA from Harvard University Graduate School of Business Administration, a M.Ed. from Lesley College and is an alumna of Wellesley College, where she was a Wellesley Scholar.

With Bobby Orr and Herbert Douglas, she raised more than a million dollars for the Cardinal Cushing School and Training Center, a residential school helping severely disabled children prepare for a functional adult life. The School honored her as 1994 Springtime Humanitarian. Catalog Success Magazine named her Cataloger of the Year in 2002.